

SCHEDULE HP-FLEX (SC)
HOURLY PRICING, FLEXIBLE BASELINE
(Pilot)

AVAILABILITY (South Carolina Only)

Available to non-residential establishments which qualify for service under the Company's rate schedules G, GA, I, GT, IT, OPT or PG, at the Company's option on a voluntary basis. The maximum number of Customers on the system to be served under this Schedule is eighty (80).

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single, contiguous premises.

This Schedule is not available for a Customer who qualifies for a residential schedule, nor for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for, under any other schedule of the Company, except at the option of the Company, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits, for the delivery of such power. The Company shall not be liable to any Customer or applicant for power in the event it is delayed in, or is prevented from, furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

The Company may cancel this Schedule at any time it deems necessary.

TYPE OF SERVICE

The Company will furnish 60 Hertz service through one meter, at one delivery point, at one of the following approximate voltages, where available:

Single-phase, 120/240 volts; or
3-phase, 208Y/120 volts, 460Y/265 volts, 480Y/277 volts; or
3-phase, 3-wire, 240, 460, 480, 575, or 2300 volts; or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts; or
3-phase voltages other than those listed above may be available at the Company's option if the size of the Customer's contract warrants a substation solely to serve that Customer, and if the Customer furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service supplied will depend upon the voltage available. Prospective Customers should determine the available voltage by contacting the nearest office of the Company before purchasing equipment.

Motors of less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators. The Company reserves the right, when in its opinion the installation would not be detrimental to the service of the Company, to permit other types of motors.

GENERAL PROVISIONS

This Schedule incorporates a Customer Baseline (CBL) and a Customer-selected Pricing Baseline (PBL). The CBL represents the annual Customer load profile that would exist if the Customer were billed on one of the standard rates shown in the Availability section of this Schedule. Load above and below the CBL is subject to a day ahead hourly price, however, in order to manage the risk associated with the hourly price, the Customer may select and contract for an annual load profile, identified as a Pricing Baseline, that may be different from the CBL. The variation in load above and below the PBL is subject to the Hourly Price as defined herein. The difference between the PBL and the CBL is assessed a PBL Adjustment Charge/Credit for each hour of the contract year during which the PBL is in effect. The PBL Adjustment Charge/Credit is based on the expected price for each hour of the contract year, as forecasted by the Company.

The Company will determine an annual enrollment period during which the Customer and the Company must agree on the Pricing Baseline. If the Customer elects to set the PBL equal to the CBL, no PBL charges or credits will apply. At the end of the contract year, the PBL will automatically be set equal to the CBL unless the Customer establishes a new PBL for the next contract year, or discontinues service under this Schedule.

DEFINITIONS

Customer Baseline (CBL): The CBL (kWh per hour) is one full year (365 days) of the individual Customer's hourly loads representing the Customer's energy use and load pattern on the applicable qualifying rate schedule.

SCHEDULE HP-FLEX (SC) (continued)

DEFINITIONS (continued)

Baseline Contract Demand: The maximum monthly billing demand of the CBL.

Net Incremental Energy: Energy above the CBL less energy below the CBL for the month.

Pricing Baseline (PBL): The PBL (kWh per hour), as agreed to by the Customer and the Company, is used to define the level of kWh in each hour, above which all kWh will be billed at the hourly prices. Reductions below the PBL will be credited at hourly prices. The PBL shall not be less than the Customer's minimum expected load nor greater than the Customer's maximum expected load. The PBL will be established for a 12-month period and may be equal to the CBL for any or all hours. Within the 12 month period, any difference between PBL and CBL must remain at a constant level for at least 4 consecutive months. Termination of the PBL prior to the 12-month period is addressed in the Contract Period and Early Termination section below.

New Load: New Load (kWh per hour) is the amount by which actual kWh in any hour exceeds the PBL kWh for the same hour.

Reduced Load: Reduced Load (kWh per hour) is the amount by which actual kWh in any hour is less than the PBL kWh for the same hour.

Hourly Rationing Charge: The Hourly Rationing Charge (¢/kWh) consists of a generation component and/or a transmission component and/or a distribution component and will be determined on an hourly basis during the month. The generation component applies to any hour of the month when low reserve margins for available generation are expected to require the operation of combustion turbines. The transmission and/or distribution component applies to any hour during the billing month when the system demand is expected to exceed 90 percent of the forecasted summer peak demand. The transmission component applies to customers served from the transmission system. Both the transmission and distribution components apply to customers served from the distribution system. If none of the above conditions occur during the month, the Rationing Charge will be zero.

Hourly Energy Charge: The Hourly Energy Charge (¢/kWh) is the hourly charge equal to expected marginal production cost including line losses, and other directly-related costs.

Hourly Price: The Hourly Price (¢/kWh) is the sum of the Hourly Rationing Charge and the Hourly Energy Charge.

Forecasted Hourly Price for PBL Adjustment: The Forecasted Hourly Price for PBL Adjustment is the year ahead forecasted hourly price per kilowatt hour used to determine the PBL Adjustment Charge.

PBL Risk Premium: A monthly charge (or credit) will be applied to compensate the Company or Customer for taking additional price risk associated with the choice of a PBL.

Incremental Demand: The Incremental Demand for local distribution facilities (KW per month) is the amount by which the maximum integrated 30-minute demand during the month for which the bill is rendered exceeds the Billing Demand plus Standby Demand (if applicable), or for time of use rates, the On-peak Billing Demand, plus Economy Demand, plus Standby Demand, (if applicable) used in determining the CBL charge for the same billing period.

Contract Demand: The Company will require contracts to specify a Contract Demand which will be the maximum demand to be delivered under normal conditions.

Month: The term "month" as used in this Schedule means the period intervening between readings of electronic pulse data for the purpose of monthly billings. Such data will be collected each month at intervals of approximately thirty (30) days.

RATE:

Administrative Charge: \$365.00 per month.

CBL Charge: The CBL Charge (\$/month) is determined each month by calculating a bill on the current version of the Customer's qualifying rate schedule using the CBL for the month to arrive at the appropriate monthly demand and energy amounts. Provisions of the qualifying rate schedule, including Determination of Billing Demand, Approved Fuel Charge Adjustments, Extra Facilities Charge, Interconnection Facilities Charge, etc. will apply to the bill calculation used to determine the CBL Charge.

PBL Adjustment Charge/Credit: The sum of the Forecasted Hourly Price for PBL Adjustment and any Fuel Charge Adjustment that occurs after the PBL is established is multiplied by the difference between the PBL and CBL for each hour. The result is summed for all hours of the billing month. The PBL Risk Premium is added to this sum to obtain the PBL Adjustment Charge/Credit.

Incremental Demand Charge: \$ 0.25 per KW of Incremental Demand per month

Contribution to Fixed Costs: A charge of \$0.005/kWh will be applied to the Net Incremental Energy for the month, but shall not be less than zero.

SCHEDULE HP-FLEX (SC) (continued)

BILL DETERMINATION

The monthly bill under this Schedule shall be the sum of the Administrative Charge, CBL Charge, PBL Adjustment Charge/Credit, Hourly Charges, Incremental Demand Charge, Standby Charge (if applicable), and Contribution to Fixed Costs.

Where: Administrative Charge = \$365.00 per month

CBL Charge = \$ amount calculated from CBL

PBL Adjustment Charge/Credit = \$ amount calculated from PBL

Hourly Charges = Sum of [(New Load kWh per hour – Reduced Load kWh per hour) X (Hourly Price)]

Incremental Demand Charge = Incremental Demand KW x \$0.25 per KW

Standby Charge = (see Provision for Customers Operating in Parallel with the Company)

Contribution to Fixed Costs = Net Incremental Energy X Contribution to Fixed Costs, but not less than zero.

MINIMUM BILL

The Minimum Bill will be calculated on an annual basis and will be the CBL Charge, PBL Adjustment Charge/Credit, Hourly Charges, Incremental Demand Charge, Standby Charge and Contribution to Fixed Costs summed over the year. The total for the year of CBL Demand Charges plus Incremental Demand Charges plus Standby Charges plus the Contribution to Fixed Costs, shall not be less than the total of \$17.88 per KW per year of Baseline Contract Demand plus \$3.00 per year multiplied by the difference between Contract Demand and Baseline Contract Demand.

DETERMINATION OF PRICING PERIODS

Each hour of the day is a distinct pricing period. The initial pricing period of the day is a one-hour period beginning at 12:00:01 a.m. and ending at 1:00:00 a.m. The last pricing hour of the day begins at 11:00:01 p.m. and ends at 12:00 midnight.

HOURLY PRICE DETERMINATION

Each business day by 4:00 p.m., the Hourly Energy Charges, and Hourly Rationing Charges, if applicable, for the 24 hours of the following day will be communicated to the Customer. Prices for weekends and Company holidays will be communicated to the Customer by 4:00 p.m. on the last business day before the weekend or holiday. The Customer is responsible for notifying the Company if he fails to receive the price information.

DETERMINATION OF HOURLY PRICES FOR PBL ADJUSTMENT

Each year, the Company will perform a 12-month forecast of hourly prices used to determine the PBL Adjustment Charge.

CONFIDENTIALITY

The hourly Energy Charges and Rationing Charges and the PBL Adjustment Charge communicated to the Customer (collectively Charges) are confidential and proprietary information of the Company. The Customer will use the Charges only in connection with service under this Schedule. The Customer will keep the Charges confidential and shall not disclose the Charges to any third party. The Customer is entitled to disclose the Charges to the Customer's employees or agents who have a business need to know for the purpose of operating under this Schedule. The Customer will advise those to whom it discloses the Charges their obligation not to disclose the information except as permitted under this Schedule. In addition to seeking relief from the Commission for a violation of this Agreement, the Company will have a right to resort to all actions available at law or at equity for a breach of this provision.

PROVISION FOR CUSTOMERS OPERATING IN PARALLEL WITH THE COMPANY

If a Customer has power generating facilities operated in parallel with the Company and the CBL Charge is not calculated under Schedule PG, the Standby Charge, Determination of Standby Charges and Interconnection Facilities Charge provisions of Schedule PG shall be applicable to service under this Schedule. The Incremental Demand Charge does not apply to any incremental demand that is less than Standby Demand.

PROVISION FOR CUSTOMERS SERVED UNDER RIDER IS

For Customers served under Rider IS, the Interruptible Contract Demand shall be the same as that contracted for during the baseline period. Further, the calculation of the Effective Interruptible Demand (EID) each month will exclude all energy consumed above the CBL. The Hourly Rationing Charge will not apply to reduced load above Firm Contract Demand during the hours of interruption periods.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 85 percent, the Company may correct the kWh of Load for each hour, and the kilowatts of Incremental Demand by multiplying by 85 percent and dividing by the average power factor in percent. When the average monthly power factor of the Customer's power requirements is less than 85 percent, and the Customer is operating in parallel, the Company will correct the kWh of Load for each hour, and the kilowatts of Incremental Demand, by multiplying by 85 percent and dividing by the average power factor in percent for that hour.

SCHEDULE HP-FLEX (SC) (continued)

APPROVED FUEL CHARGE ADJUSTMENTS

The Company's Adjustment for Fuel Costs is incorporated as a part of, and will apply to all service supplied under this Schedule, including determination of the CBL and PBL charges.

INTERIM LOAD RETENTION RIDER

The Company's Interim Load Retention Rider decrement will apply to service supplied to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

EXTRA FACILITIES CHARGE

A monthly "Extra Facilities Charge" equal to 1.7% of the installed cost of extra facilities necessary for service under this Schedule, but not less than \$25, shall be billed to the Customer in addition to the bill under this Schedule described under Bill Determination and any applicable Extra Facilities Charge included in the CBL Charge.

MODIFICATIONS OF THE CBL and PBL

The CBL and PBL will normally represent a full year under the same rate design or structure. The CBL may be reestablished every four years. Modifications to the CBL or the PBL may be allowed at the option of the Company under certain situations. These situations may include, but are not limited to, the following:

- Adjustments of load patterns associated with annual plant shutdowns, or to smooth random variations in the load pattern, provided the modifications result in revenue neutrality
- One-time permanent modifications to the physical establishment capacity completed prior to initiating service on this schedule
- Adjustments to reflect any Company-sponsored load management program
- Changes in Contract Demand.

PAYMENT

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD AND EARLY TERMINATION

Each Customer shall enter into a contract to purchase electricity under this Schedule for a minimum original term of one (1) year, but the Company may require a contract for a longer original term of years where the requirement is justified by circumstances. The Customer's contract will continue thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term or at any time thereafter, by giving at least sixty (60) days previous notice of such termination in writing. In the event the Customer requests an amendment to or termination of the agreement before the expiration of the initial term of contract, the Customer shall pay to the Company as an early termination charge the lower of:

- (a) The net present value of the monthly minimum bills, including, but not limited to, basic facilities, demand, and extra facilities charges, for the remaining term under the agreement less the expected net present value of the monthly minimum bills for the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination, provided, however, this amount shall not be less than zero.
- or
- (b) The sum of:
 - 1) The loss due to early retirement ("LDER") of all transmission and distribution facilities specifically installed by the Company in order to provide the Customer with electric service under the agreement to the extent that such facilities will not be utilized by the Company to provide service under the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination. The LDER amount shall be calculated as the installed cost of such facilities less accumulated depreciation, less any salvage value, plus removal cost, provided, however, this amount shall not be less than zero;
 - and
 - 2) A payment necessary to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the current period for which a PBL has been established and an amount determined by applying Hourly Prices under this Schedule to the PBL established for the current period, provided however that this amount cannot be less than zero.

SCHEDULE HP-FLEX (SC) (continued)

If the Customer discontinues the PBL prior to the completion of the 12-month period for which the PBL is established, the Customer must discontinue service under this schedule and must take all service under the applicable standard tariff as described in the Availability section. In addition, the Customer must make a payment sufficient for the Company to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the period during which the PBL has been effective and an amount determined by applying the actual Hourly Prices realized under this Schedule to the PBL for that period, provided however that this amount cannot be less than zero.

South Carolina First (Proposed) Leaf No. 53

Effective for bills on and after

PSCSC Docket No.

Order dated